LS-6-6685a

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OGC Has Reviewed

5 April 1956

MEMORANDUM FOR: Chief, Audit Staff

SUBJECT : Insurance on Agency-Owned Vehicles

REFERENCE : Memorandum From Chief, Audit Staff, dated 19 March 1956

25X1A8A

1. You have questioned the propriety of this Agency paying [redacted] premiums for Government-owned vehicles operated by the [redacted], at their domestic field offices.

2. The applicable Regulation [redacted] provides in paragraph 2.a.(1): 25X1

"The allocation, use, operation, and maintenance of Agency vehicles will be governed by the provisions of law and regulations applicable to all Government agencies, except that, in keeping with the authority vested in this Agency, deviations from such law and regulations are allowed as required by cover and security in the performance of the Agency mission."

It further provides in paragraph 3.b:

"The Deputy Directors (Plans), (Intelligence), and (Administration); the Assistant Director for Communications; the Assistant Director for Personnel; and the Director of Training; hereinafter referred to as Chiefs of Major Components are authorized to make such determinations as may be required in the implementation of the policy set forth herein and not otherwise specifically provided.

3. A quasi-personal vehicle is defined in paragraph 1.c.(3) as "an Agency vehicle which, for cover reasons, is titled and registered in such a manner as to conceal Government ownership." The use made of the vehicle is not what governs its character as quasi-personal. Such character arises solely from the manner of registration. Agency-owned vehicles which are registered in the name of an individual or a non-government business enterprise are quasi-personal vehicles.

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4. The appropriate Deputy Director, in this case the Deputy Director (Intelligence), may determine which vehicles are to be registered as quasi-personal. When he has made that determination, then the expenditure of Agency funds may be justified for the purchase of insurance on the grounds that it is required by state law for a vehicle ostensibly under private ownership, or on the grounds that the security considerations, requiring in the first instance that the vehicle not be registered in the name of the Government, also make it necessary that the Government not appear in any cause of action that may arise from the operation of the vehicle; in this latter case, the provision of suitable insurance is a proper way to ensure the desired end.

5. Although a quasi-personal vehicle, strictly speaking, is one which is neither titled nor registered in the name of the Government, there are instances where through special arrangements with state authorities we have been able to register a vehicle in the name of a private individual although the title remains in the Government. Since it is on the basis of registration records that liability for property damage or personal injury is usually sought to be imposed, the same considerations would seem to apply to these vehicles as to those which are quasi-personal.

6. When our peculiar functions do not justify an exception, we are obliged to follow the general Government practice, which is that the Government functions as self-insurer of its vehicles. Where security considerations require that a private individual display all the attributes of ownership, the provision of insurance in his name at Government expense is proper.

7. Although the types of insurance that may properly be provided would vary, in every case where security requires the provision of any insurance this would probably include the types generally known as property damage and public liability (including medical expense) insurance intended to indemnify persons other than the owner. What are generally called collision, fire, theft, and comprehensive insurance are primarily intended to indemnify the owner for loss or damage to the vehicle; consequently, the failure to provide them does not generally raise any security problems. However, in certain cases (for example, to comply with local custom) a showing might be made that security or other considerations peculiar to the Agency require that they be provided. Such a determination is for the proper administrative officials and if supported by the facts is not legally objectionable.

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8. There is a possibility that the Government may change its policy and provide insurance, at least of the public liability and property damage types. Companion bills now before the Congress (H.R. 9911 and S. 3477) will, if passed, provide the necessary authority.

25X1A9A [redacted]
Assistant General Counsel

25X1A9A cc: [redacted] Chief Finance Division
Regulations Control Staff

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